HIRING THE UNICORN – HOW TO HIRE AND RETAIN IT AUDITORS

Presented by: Peggy Bodin, Washington State Auditor
Katrin Osterhaus, Kansas Legislative Division of Post Audit
Melissa Schuiling, Michigan Office of the Auditor General
In Washington, we audit every government in the state

- Includes school districts, library districts, cities, counties, ports, and many others
- We also audit state agencies, such as Department of Social and Health Services as well as universities and community colleges
- In addition, we audit the finances of the state as a whole

~ 2,300

local governments
- LPA was created in 1971
- Our staff conducts performance audits
- IT security audits are a subset of performance audits (mostly state agencies)
- Our division has 24 staff, including 2 support staff
- The IT audit team consists of 3.5 staff
- Our division produces about 10-20 audit reports a year
Introduction by Katrin
We surveyed state auditors about their IT auditor hiring and retention practices.

We received 25 responses.
Q1. In your office, what is the approximate:

- Total number of all auditors (IT and non-IT)? 2,715
- Number of auditors working some of the time on IT audits? 174
- Number of auditors working full time on IT audits? 182

Total Number
Average Number
Q2. What types of audits do your IT auditors perform?

- General control audits: 21
- Application control audits: 15
- Integrated performance/IT audits: 13
- IT assurance (e.g., financial audit assistance, single audit assistance): 20
- Other: 8
Q2. Continued… other types of engagements IT auditors perform

- SOC 1 attestation engagements
- Security related audits
- Agreed upon procedures attestation audit
- Cyber security and evolving technology audits
- IT security/network vulnerability/other IT topics
- IT performance audits, including information security related audits and evaluations
- Data reviews
Q3. What are your office's educational requirements for IT auditors?

- Accounting degree: 13
- IT-related degree: 17
- Any bachelor degree: 6
Q4. Which statement best describes your office's IT auditor certification requirements?

- Some IT certification (CISA, CISM, CISSP) is required for our beginning IT auditors. 1
- Some IT certification (CISA, CISM, CISSP) is suggested for our beginning IT auditors. 5
- No certification is required or suggested for our beginning IT auditors, however, certification is necessary for advancement. 6
- No certification is required for any IT auditor position. 5
- Other 8
Q4. Certification requirements - comments

- While we encourage auditors to obtain the CISA and give a raise for obtaining the certification, it is not required for advancement.

- We highly suggest our auditors seek to achieve relevant certifications; however, certifications are not required as a condition of employment.

- CISA is encouraged, but not required for our IT auditors.

- A CISA or similar certification, as well as experience in IT auditing or compliance work, is preferred but not required. To get promoted, certifications are needed.

- Our office is currently in the process of restructuring our IT audit unit, including updated position descriptions and related requirements such as certifications.

- I am interested in finding IT auditors with deep subject matter expertise in IT and cybersecurity. Therefore, I recruit people with previous IT and cybersecurity experience, focusing on computer science majors.
Q5. Which hiring model works best for your office?

- We hire individuals well versed in IT auditing who need little training. 2
- We train individuals with IT backgrounds to be IT auditors. 3
- We train performance or financial auditors to be IT auditors. 4
- We find that all three models work for us. 8
- Other 8
Q5. Hiring model - comments

- We hire accounting graduates and train them both in the IT and financial areas with IT being their main focus.
- We are required by state law to hire those with a minimal accounting background. We do not typically get applicants who have the required accounting background and IT background.
- We look for candidates with accounting and IT backgrounds and then train them for our specific IT audit work.
- We find that IT auditors who have the easiest time transitioning are those that we hire directly out of college with an IT CIS type degree. We have not received many applicants with IT audit experience, and have had some great additions from those in our Office who were previously financial or performance auditors.
- We've had to use all three models in the past, but find that the ideal is to recruit new or seasoned IT auditors with education in MIS/CIS, or other related degree, and ideally with related work experience.
- We currently train performance or financial auditors to be IT auditors, however we are strongly considering hiring individuals well versed in IT auditing as part of the restructuring mentioned previously.
Q6. Does your office recruit IT auditors using the same process that is used for non-it auditors?
Q6. Recruiting process - comments

- We go through the normal channels of our job postings, but we also post with ISACA and try to speak to any IT audit classes and professors at our local university.

- We focus on a couple additional IT groups and classroom presentations within the universities to present to and recruit from.

- The screening and interview questions and "tests" are IT-related. The initial screening is based on the resume/cover letter and a very short webex interview (Performance auditors submit answers to test questions online as their initial screening). The hired IT auditor must pass a higher security clearance.

- Given the differing skill sets, we recruit accounting majors from colleges, accounting career fairs, etc. For IT, we try to recruit experienced IT professionals to come over to the audit world.
Q7. What methods does your office use to recruit IT auditors?

<table>
<thead>
<tr>
<th>Method</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>College recruiting/job posting sites (e.g., Handshake)</td>
<td>20</td>
</tr>
<tr>
<td>Your state's human resources web site</td>
<td>18</td>
</tr>
<tr>
<td>Your office's web site</td>
<td>16</td>
</tr>
<tr>
<td>Word of mouth</td>
<td>14</td>
</tr>
<tr>
<td>Job recruiting sites (e.g., Monster.com, Careerbuilder.com, etc.)</td>
<td>12</td>
</tr>
<tr>
<td>College career services department</td>
<td>11</td>
</tr>
<tr>
<td>Newsletters of professional organization</td>
<td>8</td>
</tr>
<tr>
<td>Other (please describe)</td>
<td>5</td>
</tr>
<tr>
<td>Newspaper</td>
<td>0</td>
</tr>
</tbody>
</table>
Q7. Recruiting methods - comments

- LinkedIn
- We also send our job openings to a professor we work closely with at a university as well as an IT student group at the university that we give presentations to.
- We tried the ISACA career fair last time. It was interesting and yielded some resumes from outside our state.
- Headhunters.
Q8. What incentives does your office use to attract and retain IT auditors?

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid-for training opportunities</td>
<td>16</td>
</tr>
<tr>
<td>Telecommuting</td>
<td>14</td>
</tr>
<tr>
<td>Other (please describe)</td>
<td>9</td>
</tr>
<tr>
<td>Reimbursement for obtaining an IT degree or certification</td>
<td>9</td>
</tr>
<tr>
<td>Higher pay than non-IT auditors</td>
<td>9</td>
</tr>
<tr>
<td>Allow IT auditors to attend IT classes during the work day</td>
<td>9</td>
</tr>
<tr>
<td>Performance bonus</td>
<td>2</td>
</tr>
<tr>
<td>Accelerated career path</td>
<td>2</td>
</tr>
<tr>
<td>Relocation expense reimbursement</td>
<td>0</td>
</tr>
<tr>
<td>Signing bonus</td>
<td>0</td>
</tr>
</tbody>
</table>
Q8. Incentives - comments

- Multiple states said: Flexible work schedules
- A few states said: Flexible work place (i.e., work from home). Work life balance.
- Telecommuting is not limited to IT auditors but is a highly used benefit of the office. Reimbursement for test preparation as part of certification is open to all auditors, not just IT auditors.
- Pay for study materials for certifications.
- Career path option is a recent change in our state.
- Casual dress code, free building/covered parking, small office collegiality, emphasis on professional development and continued skills training.
Q9. Does your office have a position description specifically for IT auditors?

- Yes: 16
- No: 9
Q10. What are the biggest challenges your office faces when hiring new IT auditors?

- Finding candidates with the right knowledge, skills, and experience.
  - Lack of a defined process to identify potential IT auditors, other than our HR director scanning resumes for any mention of an IT degree or IT classes.
  - Finding candidates with background in both auditing and IT.
  - Finding accounting majors who are interested in the IT area.
  - We require 24 accounting credits. There are very few double majors or IT majors with 24 accounting credits. Resumes not meeting this requirement never get past HR for evaluation.
- Finding qualified candidates who want to work on local audits outside the larger metropolitan areas.
Q10. What are the biggest challenges your office faces when hiring new IT auditors? (continued)

- Competition from public accounting firms.
- Salaries
  - Finding qualified applicants willing to start a career in state government with a lower salary than private industry.
  - Pay is not competitive with CPA firms
  - Pay is not high enough to attract individuals with both audit and IT expertise
  - Can’t pay bonuses
- Making sure we adhere and commit to providing proper work/life balance.
- Training necessary to teach an accountant IT or an IT professional accounting/auditing.
Q10. What are the biggest challenges your office faces when hiring new IT auditors? (continued)

Other challenges:

- Determining the types of work to be performed going forward and the related skill sets that should be sought through future hiring (from a state that is restructuring it’s IT audit area).
- Budget challenges limit the size of the IT audit team.
- Millennial Mindset - We are working to change our presentations and interviews to sell the opportunities and experiences we will provide candidates within the first 1 to 2 years. The new normal is that we will only have them for two years if we are lucky.
- Finding qualified applicants with the right attitude.
Q11. What are the biggest challenges your office faces to retaining IT auditors?

Salary and new opportunities:

- The market is red hot for the IT auditor skill set.
- External tech companies and other state governments recruit staff away.
- IT auditors become very marketable at the 2 to 4 year mark and it is difficult to compete salary-wise with higher-paying firms.
- We cannot compete with salaries once our auditors have 2 or more years of experience.
- Employees are looking for their next opportunity; if we are lucky, if we can retain them past two years.
Q11. What are the biggest challenges your office faces to retaining IT auditors? (continued)

Training:

- Lack of a variety of affordable training opportunities.
- Ensuring quality, timely and enough technical training.
- Travel demands associated with local governments.
Q11. What are the biggest challenges your office faces to retaining IT auditors? (cont.)

- We lose IT auditors to the state's internal audit department, area banks, insurance companies, and accounting/consulting firms. We are also losing IT auditors due to retirements. IT auditors leave our office for opportunities at other State agencies thinking that they will get promoted faster or because of higher pay.
- Need to rotate IT auditors onto financial audits makes it challenging to retain IT knowledge and skills.
- Advancement. Since our IT section is small, there is little room for advancement without transferring to a different section, learning a new job, and advancing in that section.
Q11. What are the biggest challenges your office faces to retaining IT auditors? (continued)

- Staff burnout due to not having enough IT audit staff and having hard inflexible deadlines.
- Audit scope has increased while staffing levels stay the same. Everyone is doing more with less and we have too much work for the number and level of staff we have.
- Not being able to provide accelerated career growth for our IT auditors. IT auditors wanting to move up quickly often leave for opportunities that allow them to do this, due to such high demand in the field. We find ourselves in a cycle where we train and develop IT audit staff, they leave for something else, and we have to "rinse and repeat“ with new staff. Compounding this issue, it takes us up to 9 months to fill some open positions.
Q12. Please share any other thoughts you have relating to hiring and retaining IT auditors.

- A Forbes study noted that 67% of organizations have difficulty recruiting auditors with the required technical skills, while reliance on technologies like AI and predictive analytics continues to increase.

- We recently began rotating new auditors (within the first 2 to 3 years of hire) onto at least one IT audit. This allows them to be exposed to IT auditing and see if they are interested in doing IT audits. We also assign interns with IT coursework to IT audits.

- We conducted office-wide training on IT general and application controls with the goal of increasing IT knowledge and enabling non-IT auditors to incorporate IT control testing into financial and performance audits.
Q12. Please share any other thoughts you have relating to hiring and retaining IT auditors. (continued)

- In 2015, we revised our position description and pay scale, and our turnover decreased.

- We added an IT intern to our team to help with some of the burnout and turnover issues. Despite our efforts to provide our leadership with an objective assessment and justification to add more IT auditors to our group, we have been unable to get additional FTEs. We are not clear why this is the case, especially since IT is becoming a more significant business function and cybersecurity risks are increasing.

- We are planning to dissolve our dedicated IT auditors and work on a more integrated auditor who is competent with IT and other audit skill-sets.
Q12. Please share any other thoughts you have relating to hiring and retaining IT auditors. (continued)

- We have had the most success with bringing over auditors who have experience in financial auditing and a particular interest in the IT arena.
- With the attention on breaches and knowing we have IT auditor shortages, governments should start working with colleges to help students identify IT auditing as a career track. It is a unique combination and so rewarding; we need to do more to promote the opportunities.
FINAL THOUGHTS

- Final thoughts
- Any questions or additional ideas?
- Thank you for your time in answering the survey!